

1242
RECEIVED
LEGISLATIVE AUDITOR

2009 DEC 30 AM 10:37

**EAST ST. TAMMANY MENTAL HEALTH ASSOCIATION, INC.
D/B/A MENTAL HEALTH ASSOCIATION OF ST. TAMMANY**

COMPILATION REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2/17/10

EAST ST. TAMMANY MENTAL HEALTH ASSOCIATION, INC.
D/B/A MENTAL HEALTH ASSOCIATION OF ST. TAMMANY
COMPILATION REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

TABLE OF CONTENTS

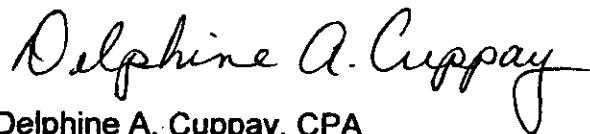
	Page
COMPILATION REPORT	1
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	2
STATEMENT OF ACTIVITIES	3
STATEMENT OF CASH FLOWS	4
STATEMENT OF FUNCTIONAL EXPENSES	5
NOTES TO FINANCIAL STATEMENTS	6

DELPHINE A. CUPPAY
CERTIFIED PUBLIC ACCOUNTANT
P. O. BOX 1353, LACOMBE, LA 70445-1353
PHONE/FAX: (985) 882-7018

Board of Directors
East St. Tammany Mental Health Association, Inc.
d/b/a Mental Health Association of St. Tammany, Inc.
Slidell, LA 70458

I have compiled the accompanying statement of financial position of East St. Tammany Mental Health Association, Inc., d/b/a Mental Health Association of St. Tammany, (a nonprofit organization), as of June 30, 2009, and the related statements of activities, functional expenses and cash flows for the fiscal year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management of East St. Tammany Mental Health Association, Inc. d/b/a Mental Health Association of St. Tammany. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.



Delphine A. Cuppay, CPA
Slidell, Louisiana

December 21, 2009

EAST ST. TAMMANY MENTAL HEALTH ASSOCIATION, INC.
D/B/A MENTAL HEALTH ASSOCIATION OF ST. TAMMANY
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2009

ASSETS

Current Assets:

Cash and cash equivalents	\$ 23,804
Accounts receivable (Note 3)	9,487
Prepaid expenses (Note 4)	2,713
	<hr/>
Total current assets	36,004

Property and Equipment (Note 5)

Furniture and equipment (Net of accumulated depreciation of \$20,621)	21,651
--	--------

Other Assets:

Investment securities (Note 6)	39,520
	<hr/>

TOTAL ASSETS	\$ 97,175
	<hr/> <hr/>

LIABILITIES AND NET ASSETS

Liabilities:

Current Liabilities:

Accounts payable	\$ 705
Payroll taxes payable	4,627
	<hr/>
Total current liabilities/Total liabilities	5,332

Net Assets:

Unrestricted/Undesignated	91,843
	<hr/>

TOTAL LIABILITIES AND NET ASSETS	\$ 97,175
	<hr/> <hr/>

See accompanying notes and accountant's report.

EAST ST. TAMMANY MENTAL HEALTH ASSOCIATION, INC.
D/B/A MENTAL HEALTH ASSOCIATION OF ST. TAMMANY
STATEMENT OF ACTIVITIES
AS OF JUNE 30, 2009

UNRESTRICTED NET ASSETS:	
Revenue and support:	
Service fees	\$ 8,527
Sunshine House clubhouse dues	4,038
Contributions	52,419
Fundraisers and special events	24,232
Net assets released from restrictions	129,838
	<hr/>
TOTAL UNRESTRICTED REVENUE AND SUPPORT	219,054
EXPENSES:	
Program services	214,188
Supporting services:	
Management and general	35,215
Grant expenses	13,845
Fundraising expenses	22,576
	<hr/>
Total expenses	285,824
	<hr/>
DECREASE IN UNRESTRICTED NET ASSETS	(66,770)
TEMPORARILY RESTRICTED NET ASSETS:	
State Grants - funding for current year	127,219
Interest income	2,619
Net assets released from restrictions	(129,838)
	<hr/>
INCREASE/DECREASE IN TEMPORARILY RESTRICTED NET ASSETS	0
	<hr/>
DECREASE IN NET ASSETS	(66,770)
NET ASSETS AT BEGINNING OF YEAR	158,613
	<hr/>
NET ASSETS AT END OF YEAR	\$ 91,843
	<hr/> <hr/>

See accompanying notes and accountant's report.

EAST ST. TAMMANY MENTAL HEALTH ASSOCIATION, INC.
D/B/A MENTAL HEALTH ASSOCIATION OF ST. TAMMANY
STATEMENT OF CASH FLOWS
AS OF JUNE 30, 2009

CASH FLOWS FROM OPERATING ACTIVITIES:

Decrease in net assets \$ (66,770)

Adjustments to reconcile increase (decrease)
in net assets to net cash provided by
operating activities:

Depreciation expense 9,054

(Increase) Decrease in operating assets:

Accounts receivable grants and contracts (9,487)

Prepaid expenses (1,407)

Increase (Decrease) in operating liabilities:

Accounts payable (773)

Payroll taxes payable 50

NET CASH PROVIDED BY OPERATING ACTIVITIES (69,333)

CASH FLOWS FROM FINANCING ACTIVITIES

Withdrawals from investment securities 80,916

NET CASH PROVIDED BY FINANCING ACTIVITIES 80,916

NET INCREASE (DECREASE) IN CASH AND
CASH EQUIVALENTS \$ 11,583

BEGINNING CASH AND CASH EQUIVALENTS 12,221

NET CASH AND CASH EQUIVALENTS \$ 23,804

=====

See accompanying notes and accountant's report.

**EAST ST. TAMMANY MENTAL HEALTH ASSOCIATION, INC.
D/B/A MENTAL HEALTH ASSOCIATION OF ST. TAMMANY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Program	Managmt.	Grant	Fund-	Total
	Services	& General	Expense	Raising	
Compensation and related expenses:					
Compensation:					
Executive Director	\$ 12,500	17,500	10,000	10,000	\$ 50,000
Admin. Asst. 30%	14,000	8,400	2,800	2,800	28,000
Clinical Director	45,000				45,000
Sunshine House Program:					
Program Director	20,000				20,000
Counselor/Case Mgmt	4,164				4,164
Transportation Drivers	<u>18,174</u>				<u>18,174</u>
Total compensation	113,838	25,900	12,800	12,800	165,338
Related benefits:					
Payroll taxes	<u>9,297</u>	<u>2,116</u>	<u>1,045</u>	<u>1,045</u>	<u>13,503</u>
Total compensation and related expenses	123,135	28,016	13,845	13,845	178,841
Accounting	3,291	2,000			5,291
Advertising	571				571
Bank charges		355			355
Depreciation expense	9,054				9,054
Donation to other nonprofits		169			169
Dues & subscriptions		750			750
Equipment rental exp	4,263				4,263
Family Therapy Clinic exp.	489				489
Fundraising expenses				8,731	8,731
Grant expenses			0		0
Insurance expense	39,029	2,189			41,218
License & permits		80			80
Maintenance & repairs	1,700				1,700
Meetings, seminar&conver	292	1,285			1,577
Miscellaneous expense		371			371
Office supplies	1,238				1,238
Postage & delivery	328				328
Rent expense	8,750				8,750
Sunshine House client service expenses:					
Craft supplies	944				944
Food expense	5,636				5,636
Member outings	602				602
Telephone & Internet exp	2,108				2,108
Travel & transport expens	<u>12,758</u>				<u>12,758</u>
TOTALS	\$ 214,188	35,215	13,845	22,576	\$ 285,824

See accompanying notes and accountant's report.

EAST ST. TAMMANY MENTAL HEALTH ASSOCIATION, INC.
D/B/A MENTAL HEALTH ASSOCIATION OF ST. TAMMANY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 1-ORGANIZATION & SIGNIFICANT ACCOUNTING POLICIES

A. Organization

(1) The Organization

East St. Tammany Mental Health Association, Inc., (ESTMHA), was incorporated in July 1985 as a non-profit organization under Section 501(c)(3) of the Internal Revenue Code to provide public education about mental illness and quality of life enrichment, structure and support for the mentally ill and operated a day program for adults with persistent mental and emotional conditions known as Sunshine House located in Slidell, Louisiana and served the East St. Tammany Parish area. After Hurricane Katrina, it became apparent that there was a significant increase in individuals in need of mental health. It was then that ESTMHA realized that it could no longer serve only East St. Tammany or only those with severe mental illness. Many individuals parish-wide needed assistance coping with stress, grief, depression and loss after Hurricane Katrina. The ESTMHA Board of Directors decided to change its mission focus to one that would connect consumers in need with providers of mental health services throughout St. Tammany Parish. The organization adopted a new name for its current major program, a name that would better describe the level of services rendered and the population it would serve - Mental Health Association of St. Tammany. The Organization's focus became the promotion of mental health and emotional wellness.

Because of the change in focus with regard to mental health services for the whole St. Tammany Parish community, eventually the Organization became known to the general public by the name of its new major program, Mental Health Association of St. Tammany. So much so, that the Board of Directors have now resolved that it is in the best interest of the Organization to issue their financial statements and annual reports in the name of East St. Tammany Mental Health Association, Inc. d/b/a Mental Health Association of St. Tammany (ESTMHA d/b/a MHA) so that the St. Tammany Parish community would be better able to recognize the Organization's legal name as well as its program name.

East St. Tammany Mental Health Association, Inc. d/b/a Mental Health Association of St. Tammany (ESTMHA d/b/a MHA) is located at 2237 First Street, Slidell, LA 70458 and the office is open from 9:00 A.M. to 5:00 P.M. Monday through Friday, except holidays.

(2) The Nature of Program Services

ESTMHA d/b/a MHA operates a day program, known as Sunshine House, for adults with persistent mental and emotional conditions. It is currently located in the recreation room at Sunshine Village, 2600 Mary Street, Slidell, LA 70458. Hours of operation are from 9:30 AM to 2:00 PM Monday through Thursday, except holidays. It provides a caring and healing environment which provides supervision and support and/or encouragement to be responsible about their illness and participate in socialization, in life skills education, in goal setting and in creative expression activities. Transportation is provided for those who need it and snacks and lunch are also provided.

Following Hurricane Katrina, many local mental health providers and agencies closed or reduced their operations. In January 2009 ESTMHA d/b/a MHA ST organized The Family Therapy Clinic to fill an obvious gap in services. The clinic services are available immediately, are conducted by licensed clinicians and are affordable for those with limited financial resources. The clinic will provide an initial needs assessment at no charge then make referrals or schedule follow up appointments. Fees are based upon the client's resources and circumstances. All inquiries and appointments are handled confidentially.

In association with other nonprofit groups and with private, civic and local government agencies, the Organization presents quarterly community education events. It collaborates with others in conducting health fairs, speaks to service and civic organizations, sponsors professional forums on mental health and wellness topics and works diligently creating and sustaining its role in an interactive network of agencies and organizations in which it advocates its clients' needs. The Organization is dedicated to educating those in public office about the services needed and the public in general by speaking out about an issue that is all too often forgotten or ignored.

B. Significant Accounting Policies

(1) Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-For-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

Unrestricted net assets represent those assets which the organization may use at its discretion.

Temporarily restricted net assets result from contributions and other in-flows of assets whose use by the organization is limited by donor imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the organization pursuant to those stipulations.

Permanently restricted net assets result from contributions and other in-flows of assets whose use by the organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the organization.

Net assets of the two restricted classes are created only by donor imposed restrictions on their use. All other net assets, including board-designated or appropriated amounts, are legally unrestricted and are reported as part of the unrestricted class.

The Organization does not have any temporarily restricted net assets or permanently restricted net assets for fiscal year ended June 30, 2009.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-stipulated restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

(2) Contributions

East St. Tammany Mental Health Association, Inc. d/b/a Mental Health Association of St. Tammany has adopted Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made*. In accordance with SFAS No. 116, contributions are recognized when the donor makes a promise to give and are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions.

ESTMHA d/b/a MHA ST reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The organization reports contributions of assets other than cash at their estimated fair value at the date of the gift and are reported as revenues of the unrestricted net asset class unless explicit donor stipulations specify how the donated asset must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as revenues of the temporarily restricted or permanently restricted net asset classes. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a qualifying expenditure occurs or a time restriction expires, temporarily restricted assets are recognized in unrestricted net assets as "net assets released from restrictions" in the statement of activities. However, if a restriction is fulfilled in the same period in which the contribution is received, the contribution is reported as an unrestricted contribution.

(3) Receivables

The Organization considers accounts receivable to be fully collectible since the major portion of the balance consist of payments due under governmental contracts and a small

amount of services fees receivable is included for fees charged to clients on a sliding scale that is based on their ability to pay. If amounts due become uncollectible, they will be charged to operations when that determination is made.

(4) Investments, Investment Income and Credit Risk

The carrying amounts of financial instruments consist of a money-market account which is reported at market value based upon quoted market prices and their fair values are provided by fund managers based upon the underlying net assets of the funds. The Organization is subject to some credit risk through short and long term cash investments which are placed with high credit quality financial institutions.

(5) Property and Equipment

Major renovations and major repairs and equipment are stated at cost at the date of acquisition or renovation, or, if donated, at estimated fair value at date of donation. Minor renovations or repairs are charged to operations and maintenance as incurred. Depreciation and amortization, if applicable, are provided over the estimated useful lives of the respective assets on a straight-line basis.

(6) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and revenues and expenses recognized during the reported period. Actual results could differ from those estimates. Changes in prior year estimates are accounted for within the statement of changes in net assets in the current year.

(7) Cash and Cash Equivalents and Credit Risk

For the purpose of the statement of cash flows, the Organization considers highly liquid investments purchased with a maturity of three months or less, other than those designated for future activities, to be cash equivalents. The Organization is subject to some credit risk through short term cash investments which includes bank depository account balances. These funds are insured by the Federal Deposit Insurance Corporation (FDIC) and the amounts held at each bank do not exceed the insured limit for deposited funds, therefore Management believes the Organization is not exposed to any significant credit risk on cash and cash equivalents.

(8) Functional Allocation of Expenses

The cost of providing the program and administering the related supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain expenses that benefit both program and supporting services have been allocated using management's estimates.

East St. Tammany Mental Health Association, Inc. d/b/a Mental Health Association of St. Tammany's fundraising activities in many cases include purposes or contents related to a program service. American Institute of Certified Public Accountants Statement of Position

98-2 states that joint costs of informational materials or activities should be allocated between fundraising and the appropriate program or general function if it can be demonstrated that a program or general function has been performed in conjunction with the appeal for funds. Although the Organization has the ability to give evidence for such combined activities, it does not allocate those portions from its fundraising activities to program services.

(9) Donated Materials and Services

The Organization records the value of donated goods and services received when there is an objective basis available to measure their value. Donated furniture and fixtures and leasehold improvements, if applicable, are reflected as contributions in the accompanying statements at their estimated values at date of receipt. No amounts have been reflected in the statements for donated food, clothing or services as no objective basis is available to measure the value of such goods or services.

(10) Income Taxes

East St. Tammany Mental Health Association, Inc. has received a determination letter from the Internal Revenue Service (IRS) indicating that it is a tax-exempt organization as provided for in Section 501(c)(3) of the Internal Revenue Code, except for taxes pertaining to unrelated business income, and is exempt from Federal and state income taxes. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. No provision has been made for income taxes in the accompanying financial statements since the Organization does not have a significant amount of unrelated business income for fiscal year ended June 30, 2009.

(11) Board Compensation

The Board of Directors of the Organization is a voluntary board and therefore, no compensation was paid to any board member during the year ended June 30, 2009.

(12) Operations

Support was received from the State of Louisiana, Department of Health and Hospitals by means of a cost reimbursement grant whereby expenses in connection with Sunshine House would be reimbursed upon presentation of expenses incurred.

ESTMHA d/b/a MHASt also operates The Family Therapy Clinic which provides mental health services throughout St. Tammany Parish for all members of the St. Tammany Parish community by providing free assessments, referrals and short-term follow-up services supported by fees based on the client's resources and circumstances.

(13) Total Columns

Total columns are presented to facilitate financial analysis. Data in these columns do not present financial position, results of activities and changes in net assets in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation.

NOTE 2 - GRANTS FROM GOVERNMENTAL AGENCIES

Included in the grants from governmental agencies is state funds received under a cost reimbursement contract with the State of Louisiana, Department of Health and Hospitals for the time period of July 1, 2008 through June 30, 2009 in the amount of \$127,219.

NOTE 3 - ACCOUNTS RECEIVABLE

The accounts receivable are due from various grantors and client service fees listed below for services provided through June 30, 2009. All receivables are expected to be received in a timely manner. The accounts receivable balance consist of the following:

Louisiana Department of Health and Hospitals	\$ 8,050
Louisiana Rehab Services	1,097
Various client service fees receivable	<u>340</u>
Total Accounts Receivable	\$ 9,487

NOTE 4 - PREPAID EXPENSES

Prepaid expenses consist of prepaid insurance expenses in the amount of \$1,817 and prepaid fundraiser expenses for an annual fundraiser to be held shortly after fiscal year end in the amount of \$896 for a total of \$2,713 of prepaid expenses as of fiscal year ended June 30, 2009.

NOTE 5 - PROPERTY AND EQUIPMENT

Depreciation is calculated using the straight line method over a useful life of five years. Furniture, fixtures and equipment consist of the following:

	Costs as of <u>06/30/08</u>	<u>Additions</u>	<u>Dispositions</u>	Costs as of <u>06/30/09</u>
<u>Property & Equipment</u>				
Dodge Mini Van	\$ 17,513	\$ --	\$ --	\$ 17,513
Ford Van	17,795	--	--	17,795
Furniture & equipment	<u>6,964</u>	<u>--</u>	<u>--</u>	<u>6,964</u>
TOTALS	\$ 42,272	\$ --	\$ --	\$ 42,272

	Accum. Depre. as of <u>06/30/08</u>	Depre. Expense	Accum. Depre./ Write offs in connection with <u>Dispositions</u>	Accum. Depre. as of <u>06/30/09</u>
<u>Property & Equipment</u>				
Dodge Mini Van	\$ 9,179	\$ 3,502	\$ --	\$ 12,681
Ford Van	1,186	3,559	--	4,745
Furniture & equipment	<u>1,202</u>	<u>1,993</u>	<u>--</u>	<u>3,195</u>
TOTALS	\$ 11,567	\$ 9,054	\$ --	\$ 20,621

Costs of Property & Equipment as of 06/30/2009	\$ 42,272
Less Accumulated Depreciation	<u>20,621</u>
Total Net Book Value as of 06/30/2009	\$ 21,651

NOTE 6 - INVESTMENT SECURITIES

Investment securities are carried at fair value for the purpose of future activities and consist of the following at year ended June 30, 2009:

Investment Securities:	<u>Fair Value</u>
Money-market accounts	\$ 39,520

A summary of return on investments is as follows:

Interest and dividends	\$ 2,619
------------------------	----------

NOTE 7 - ACCRUED EMPLOYEE BENEFITS

No amount has been reflected in the financial statements for accrued compensated absences as the amount cannot be reasonably estimated.

NOTE 8 - ADVERTISING COSTS

There were advertising costs incurred in the amount of \$571 during fiscal year ended June 30, 2009 for promotional literature to educate the public about mental illness and the resources available for those suffering from mental illness and their families.

NOTE 9 - RENT EXPENSES

The Organization rented office space at 2237 First Street, Slidell, Louisiana on a month to month basis and amounted to \$4,250 for office space for the year. Also rent was paid for the Sunshine House program location at 2700 Mary Street, Slidell, LA on a month to month basis and amounted to \$4,500 for the year. Therefore the total rent expense was \$8,750 for the fiscal year ended June 30, 2009.

NOTE 10 - FUNDRAISERS

An on-going fundraiser was established at Camellia City Farmer's Market located at Griffith Park on Erlanger Street, Slidell, Louisiana. After constructing a booth in the Farmer's Market location, ESTMHA d/b/a MHASt began selling fresh homemade bakery items and peach tea every Saturday from 8:00 A.M. to 12:00 P.M. Volunteers donated the ingredients and their time making these fresh homemade bakery items each week. This on-going fundraiser grossed \$14,197 and incurred \$3,869 in fundraising expenses for total net proceeds of \$10,328 for this on-going fundraiser for fiscal year ended June 30, 2009.

Also, the Organization held its annual fundraiser known as Katrina Comic Relief and generated cash donations in the amount of \$6,971 and incurred expenses in the amount of \$3,862 for total net proceeds of \$3,109.

ESTMHA, Inc. d/b/a MHASt also participated in several community events, which events helped the community to become better acquainted with the East St. Tammany Mental Health Association, Inc. d/b/a Mental Health Association of St. Tammany.

All net proceeds from these various fundraisers were used at East St. Tammany Mental Health Association, Inc.'s discretion during fiscal year ended June 30, 2009.

NOTE 11 - SUBSEQUENT EVENTS - GOING CONCERN CONSIDERATIONS

East St. Tammany Mental Health Assn., Inc., (ESTMHA), has been in existence since 1985 as a non-profit organization under Section 501(c)(3) of the Internal Revenue Code serving the needs of the mentally ill in St. Tammany Parish, Louisiana.

The Organization was hard hit by Hurricane Katrina in August 2005 in that ESTMHA's Sunshine House facility experienced hurricane force winds and sustained major flooding which lasted several days. All furnishings and equipment in the facility were unsalvageable. The transportation vehicles parked outside the facility's location were also a total loss. After the storm the main focus was on outreach services. By June 30, 2006, the Organization had found a new location for Sunshine House funded by a grant from the Louisiana Department of Health and Hospitals and bought a van to provide transportation for its Sunshine House participants to and from their homes each day. By fiscal year ended June 30, 2007, the Organization established a small office location at 2237 First Street, Slidell, Louisiana 70458 as a place to meet prospective clients, service providers and the general public. The Organization established The Family Therapy Clinic in January 2008 which provides mental health services throughout St. Tammany Parish for all members of the St. Tammany Parish community by providing free assessments, referrals and short-term follow-up services. All was going well until the current recession hit.

At some point in time after fiscal year ended June 30, 2009, Management realized that despite pursuing new funding sources and calls for donations from individuals and businesses in the community, the situation is and was further complicated by the lingering current recession in the national economy and especially here in an area that has been hard hit by Hurricane Katrina and is still trying to recover from the losses incurred because of that storm.

ESTMHA d/b/a MHASt began to assess its current situation. The Organization operates Sunshine House which is funded by a grant contract from the Louisiana Department of Health and Hospitals. The Family Therapy Clinic which provides mental health services throughout St. Tammany Parish for all members of the St. Tammany Parish community by providing free assessments, referrals, and short-term follow-up services is supported by fees based on the client's resources and circumstances. Also, community education and client advocacy does not have a grant contract funding these services. In the past they have been funded by large donations which in this economy is no longer a viable option.

Immediately, The Board of Directors began developing Management's plans that were intended to mitigate the effect of the loss of income:

First, it cut its expenses:

(1) Three staff positions have been eliminated, staff responsibilities have been streamlined and the Board of Directors are taking on more responsibility for the management and general operations of the Organization's programs. These actions will save the nonprofit considerable salary expenses.

(2) The Organization moved its operating office from 2237 First Street, Slidell, LA 70458

where it paid monthly rent in the amount of \$500 to a donated office space in Slidell and, in addition, donated office space in Mandeville will allow The Family Therapy Clinic services to be offered in the West St. Tammany Parish area without having to travel to Slidell. This arrangement saves the organization \$6,000 a year in rent expense and allows for two convenient locations for client access.

(3) The Organization has signed professional contractor services contracts with two clinical therapists to serve the Organization's clients at a reduced rate in exchange for a place in the Mandeville area in which to see their own clients as well.

(4) A moratorium was placed on all unnecessary spending until further notice.

Second, it immediately began an intensive program of procuring other sources of funding consisting of the following:

(1) The Organization is pursuing other grant contracts to fund The Family Therapy Clinic and its community education services and client advocacy services through the efforts of a grant writer who has volunteered his time to write various grant proposals with the hope of being awarded another grant contract from a Federal, State or local government agency or donor contracts with philanthropic foundations or donor grants from area businesses.

(2) The Organization has recently entered into a contract with the St. Tammany Homebuilders Association in connection with a fundraiser entitled "Raising the Roof for Charity" in which, in exchange for their voluntary services in connection with the project, the Organization will receive a portion of the funds raised in connection with that fundraiser.

(3) To better inform the public of the services ESTMHA d/b/a MHASt provides to the community, the Organization participated in several area fundraisers which also brought in some nice donations and furthered community awareness by helping to reduce the stigma associated with mental illness.

(4) In times past, the Organization has received several large donations from local patrons and businesses in the area. The Organization is organizing a fundraising campaign targeting those patrons and businesses in an endeavor to provide extra funds should some unexpected situation arise.

(5) Also the Organization is providing an opportunity for businesses and members of the community to become "Friends of Mental Health" volunteers by donating their time to assist with operations and community awareness.

In conclusion, Management's plan, as delineated above, greatly alleviates the possibility of a discontinuance of operations, therefore there is no need to consider the recoverability or classification of recorded assets amounts or the amounts or classification of its liabilities as stated in the financial statements included herein. It is Management's express intention to continue operations as stated above while it continues its ongoing search for new funding sources.

The Organization has accomplished much during the past few years and there is still so much work to do. ESTMHA d/b/a MHASt looks forward to being involved in the St. Tammany Parish, Louisiana community for many years to come.